

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 94-053-C - ORDER NO. 94-661✓
JULY 14, 1994

IN RE: Application of Petracom Corporation)	ORDER
for a Certificate of Public)	APPROVING
Convenience and Necessity to Resell)	CERTIFICATE
Interexchange Telecommunications)	
Services in South Carolina.)	

This matter comes before the Public Service Commission of South Carolina (the Commission) by way of the Application of Petracom Corporation (Petracom or the Company or the Applicant) requesting a Certificate of Public Convenience and Necessity authorizing it to operate as a reseller of telecommunications services in the State of South Carolina. The Company's Application was filed pursuant to S.C. Code Ann. §58-8-280 (Supp. 1993) and the Regulations of the Public Service Commission of South Carolina.

The Commission's Executive Director instructed Petracom to publish, one time, a prepared Notice of Filing in newspapers of general circulation in the affected areas. The purpose of the Notice of Filing was to inform interested parties of Petracom's Application and the manner and time in which to file the appropriate pleadings for participation in the proceeding. Petracom complied with this instruction and provided the Commission with proof of publication of the Notice of Filing.

Petitions to Intervene were filed by Southern Bell Telephone and Telegraph Company (Southern Bell)¹ and the South Carolina Department of Consumer Affairs (the Consumer Advocate). By letter dated July 1, 1994, the Consumer Advocate informed the Commission that he is satisfied that the services offered by the Applicant are consistent with services approved by the Commission in prior dockets, and, therefore, the Consumer Advocate does not wish to participate in any hearing scheduled in this matter.

Lee Wiser, President of Petracom, submitted on behalf of the Company pre-filed testimony and an affidavit verifying his testimony. Mr. Wiser explained Petracom's request for authority. Mr. Wiser stated that Petracom utilizes the network facilities of Allnet, AT&T, Sprint, and Wiltel. Mr. Wiser stated that Petracom offers the services of its underlying carriers to its customers at a rate that is lower than what the customer could obtain directly from the carrier. Petracom pools the traffic of its customers allowing Petracom to achieve the volumes necessary to obtain substantial discounts available from the carriers. Mr. Wiser stated that Petracom's telecommunication offering has found a wide acceptance among small and medium sized business users and residential customers. Petracom intends to offer its services throughout the State of South Carolina.

According to Mr. Wiser, Petracom does not intend to offer

1. Southern Bell subsequently moved to withdraw its Intervention in this Docket and was allowed to withdraw its Intervention by Order No. 94-618, dated June 24, 1994.

operator services in South Carolina. All operator services available to a Petracom customer in South Carolina will be provided by the underlying carrier. Petracom has filed, or is in the process of filing, applications in all of the contiguous forty-eight states where approval is necessary. Mr. Wiser states that Petracom has never been denied authority in any state.

Mr. Wiser asserts that Petracom's service is in the public interest as it will expand the availability of telecommunications services to more members of the public at more competitive prices. Additionally, Mr. Wiser offers that by lowering the cost of telecommunications, small and medium sized businesses will be able to maintain their communications costs at levels that are closer to those available to larger users. Mr. Wiser offers that such competition will improve the competitive environment, not only in the telecommunications industry, but also generally.

Mr. Wiser further states that Petracom agrees to abide by the Rules and Regulations of the South Carolina Public Service Commission in providing its services. Mr. Wiser further testifies that Petracom has not heretofore provided intrastate telecommunications services in South Carolina. Mr. Wiser also testifies that Petracom does not offer, nor does Petracom have the plans to offer, "900" services in South Carolina.

After full consideration of the applicable law, the Company's Application, and the testimony and affidavit presented by the Company, the Commission hereby issues its findings of fact and conclusions of law:

FINDINGS OF FACT

1. Petracom is incorporated under the laws of the State of Montana, and Petracom's Certificate of Authority to Transact Business as a Foreign Corporation in the State of South Carolina is pending.

2. Petracom operates as a non-facilities based reseller of interexchange services and wishes to do so in South Carolina.

3. Petracom has the experience, capability, and financial resources to provide the services as described in its Application.

CONCLUSIONS OF LAW

1. Based on the above findings of fact, the Commission determines that a Certificate of Public Convenience and Necessity should be granted to Petracom to provide intrastate interLATA service through the resale of intrastate Wide Area Telecommunications Services (WATS), Message Telecommunications Service (MTS), Foreign Exchange Service, Private Line Service, or any other services authorized for resale by tariffs of carriers approved by the Commission.

2. The Commission adopts a rate design for Petracom for its resale services which includes only maximum rate levels for each tariff charge. A rate structure incorporating maximum rate levels with the flexibility for adjustment below the maximum rate levels has been previously adopted by the Commission. In Re: Application of GTE Sprint Communications Corporation, etc., Order No. 84-622, issued in Docket No. 84-10-C (August 2, 1984).

3. Petracom shall not adjust its rates below the approved

maximum level without notice to the Commission and to the public. Petracom shall file its proposed rate changes, publish its notice of such changes, and file affidavits of publication with the Commission two weeks prior to the effective date of the changes. However, the public notice requirement is waived, and therefore not required, for reductions below the maximum cap in instances which do not affect the general body of subscribers or do not constitute a general rate reduction. In Re: Application of GTE Sprint Communications, etc., Order No. 93-638, issued in Docket No. 84-10-C (July 16, 1993). Any proposed increase in the maximum rate level reflected in the tariff which would be applicable to the general body of the Company's subscribers shall constitute a general ratemaking proceeding and will be treated in accordance with the notice and hearing provisions of S.C. Code Ann. §58-9-540 (Supp. 1993).

4. Petracom shall file its revised tariff and an accompanying price list to reflect the Commission's findings within thirty (30) days of the date of this Order. The revised tariff shall delete the Company's debit card offering as Petracom has withdrawn this offering from its tariff. Further, the tariff shall be filed with the Commission in a loose-leaf binder.

5. Petracom is subject to access charges pursuant to Commission Order No. 86-584, in which the Commission determined that for access purposes resellers should be treated similarly to facilities-based interexchange carriers.

6. With regard to the Company's resale of service, an

end-user should be able to access another interexchange carrier or operator service provider if they so desire.

7. Petracom shall resell the services of only those interexchange carriers or LECs authorized to do business in South Carolina by this Commission. If Petracom changes underlying carriers, it shall notify the Commission in writing.

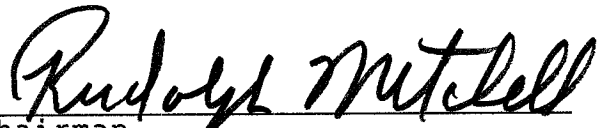
8. Petracom shall comply with the terms of Order No. 93-462, Order Approving Stipulation and Agreement, in Docket Nos. 92-182-C, 92-183-C, and 92-200-C (June 3, 1993).

9. Petracom shall file surveillance reports on a calendar or fiscal year basis with the Commission as required by Order No. 88-178 in Docket No. 87-483-C. The proper form for these reports is indicated on Attachment A.

10. Upon receipt of a Certificate of Authority to Transact Business as a foreign corporation in South Carolina, Petracom shall provide the Commission with a copy of the certificate. Petracom shall not provide its services in South Carolina until Petracom has received its Certificate of Authority to Transact Business as a Foreign Corporation and has provided a copy of said certificate to the Commission.

11. That this Order shall remain in full force and effect
until further Order of the Commission.

BY ORDER OF THE COMMISSION:


Chairman

ATTEST:


Executive Director

(SEAL)

ANNUAL INFORMATION ON SOUTH CAROLINA OPERATIONS
FOR INTEREXCHANGE COMPANIES AND AOS'S

- (1) SOUTH CAROLINA OPERATING REVENUES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (2) SOUTH CAROLINA OPERATING EXPENSES FOR THE 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (3) RATE BASE INVESTMENT IN SOUTH CAROLINA OPERATIONS* FOR 12 MONTHS ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE GROSS PLANT, ACCUMULATED DEPRECIATION, MATERIALS AND SUPPLIES, CASH WORKING CAPITAL, CONSTRUCTION WORK IN PROGRESS, ACCUMULATED DEFERRED INCOME TAX, CONTRIBUTIONS IN AID OF CONSTRUCTION AND CUSTOMER DEPOSITS.

- (4) PARENT'S CAPITAL STRUCTURE* AT DECEMBER 31 OR FISCAL YEAR ENDING _____.

*THIS WOULD INCLUDE ALL LONG TERM DEBT (NOT THE CURRENT PORTION PAYABLE), PREFERRED STOCK AND COMMON EQUITY.

- (5) PARENT'S EMBEDDED COST PERCENTAGE (%) FOR LONG TERM DEBT AND EMBEDDED COST PERCENTAGE (%) FOR PREFERRED STOCK AT YEAR ENDING DECEMBER 31 OR FISCAL YEAR ENDING _____.
- (6) ALL DETAILS ON THE ALLOCATION METHOD USED TO DETERMINE THE AMOUNT OF EXPENSES ALLOCATED TO SOUTH CAROLINA OPERATIONS AS WELL AS METHOD OF ALLOCATION OF COMPANY'S RATE BASE INVESTMENT (SEE #3 ABOVE).